



HOUSING EXECUTIVE SUMMARY

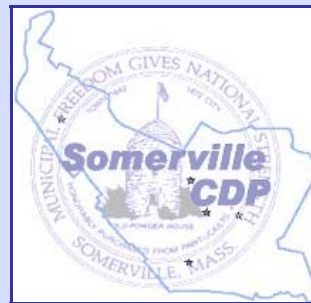
June 2004

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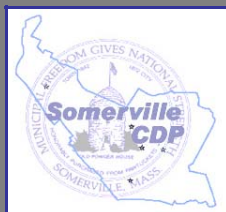


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Housing

"In the past decade, the City has dedicated significant efforts to increase the planning, preservation and production of housing for a diversity of income levels. This element reviews existing conditions, barriers and strategies for housing."



Vision for Housing

- *Preserve housing suitable for different family size, styles, and income levels, with an emphasis on maintaining the City's historically affordable rents and respecting the architectural heritage of our "city of homes";*
- *Ensure more permanently protected affordable housing;*
- *Maintain condition and appearance of existing housing stock, especially historically significant elements;*
- *Prevent tendency to overcrowd and overdevelop land and housing;*
- *Stress the importance of residential open space in housing: yards, gardens, porches provide natural relief;*
- *Ensure that workers in the City can afford to live in the City;*
- *Consider public transit options when locating new housing; and*
- *Develop mixed use areas to house both residents and the businesses that serve them.*

Housing Profile

Somerville's reputation as a community that is affordable to a range of households and income levels is changing. Two real estate booms and the end of rent control in Boston and Cambridge have contributed to the price increases in the Greater Boston area, including Somerville. In 2001, the median sales price for a single family home rose to \$312,000 and the median asking rent for a two bedroom apartment was over \$1,400.

Over 25% of Somerville households have significant housing affordability problems. An estimated 8,200 low income households pay more than 30% of their income for housing and 58% of extremely low income renters pay more than half of their income for housing. Modest incomes in the community combined with increasing rents and single family home prices contribute to the affordability issue.

Housing Supply

Between 1990-2000, Somerville gained 620 seasonal housing units, however, the rate of growth has decreased as the supply of vacant land in the city has shrunk. Of the total occupied housing units in 2000 (31,555), almost 66% of them are renter occupied. In addition, vacancy rates according to the Census were 0.8% for ownership units and 1.2% for rental units which are both below the ideal levels for housing choice (2% and 5% respectively).

Condominiums represent a small percentage of Somerville's housing units, but they have seen a large amount of growth between 1990 and recently. Between January 2000– May 2004, there were 963 condo units created or approved for conversion.

Condominium units actually have a disproportionate impact on Somerville's rental housing supply and housing costs because most have been created by converting existing rental units into much more expensive housing. About 40% of all residential sales in 2002 involved condominiums which is up from 10% in 1994.



Housing Costs

With almost no land available for residential development, falling vacancy rates and housing costs rising faster than incomes, demand for affordable housing and housing choice has increased dramatically. After two periods of significant housing sale price increases and decreases in the 1980s and 1990s, prices and sales have consistently risen since then. Between 1990-2000, average sale prices for 1-3 unit properties rose 31-55%, while inflation adjusted median household incomes between 1989-1999 rose 6%. Between 1999-2001, average prices rose 18-51% while inflation adjusted area median household incomes rose an estimated 5%.

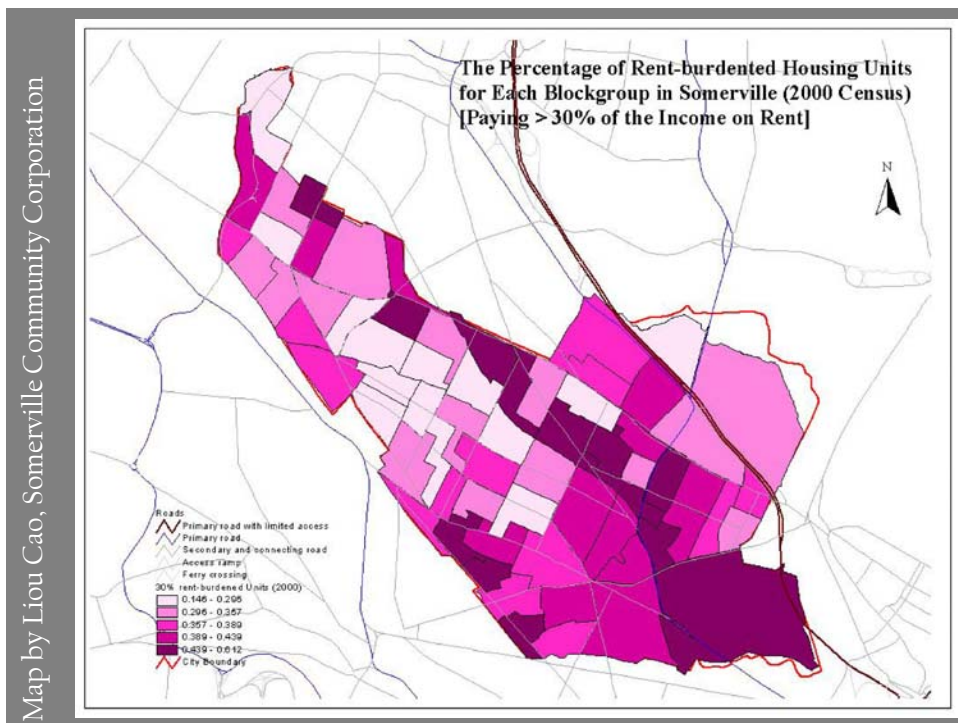
In 2000, 37% of renters in Somerville paid 30% or more of their income for housing and 16% paid 50% or more. High rent burdens are definitely a bigger problem in some neighborhoods than others, but they have overall become a citywide problem.

Condominium prices have risen in the past few years in Somerville as well, from \$171,000 in 1998 to \$327,250 in 2003 and offer little relief for people looking for a more affordable housing

Affordable Housing Inventory

Somerville has over 2,700 units of housing in HUD or State subsidized developments that are specifically reserved for low-income households. Another 1,000 households receive help with housing costs through Section 8 housing choice vouchers or other tenant-based rent subsidy programs. Somerville is also home to a number of community residences for persons with disabilities and to transitional housing programs for special populations.

Somerville's Subsidized Housing Inventory (40B Inventory) is maintained by the State and it tracks subsidized developments that receive state, federal and/or local subsidies. As of December 2002, Somerville had 2,791 units of housing reserved for low-income households that are included in the inventory which is 8.73% of the city's year round housing stock. Seven of the developments listed in the inventory have use restrictions that will expire in the next five years. Somerville is committed to preserving the long-term affordability of these projects.





There are an additional 98 units affordable to households with incomes at or below 80% of the median. They were created since January 2000 under programs that do not meet all of the state standards for inclusion in the 40B inventory, and are not included in the 2,791 total above.

Somerville also has 50 rental units that are subject to short-term affordability restrictions under its homeowner rehabilitation Loan program. Somerville has been using HOME and/or CDBG programs for over a decade to help homeowners bring their properties up to code, upgrade their heating systems and finance other property improvements. Most of the assisted properties have been two or three family buildings with rental units.

Housing Needs

Using HUD and Census data, Somerville estimated the number of households in the City in 2000 by income bracket and household type and concluded that:

- 4,708 are extremely low income (15% of all households);
- 3,943 are low income (12% of all Somerville households);
- 4,196 are moderate income (13% of all Somerville households); and
- 13,700 are middle income (41% of all Somerville households).

Within these different income brackets and household types, there are some faced with significant financial burdens in addition to those for housing. Overcrowding problems exist as well.

Another issue in Somerville is the number of homeless people who traverse the City. Using funds administered by HUD and in partnership

with OHCD, the Somerville Homeless Providers Group (SHPG) serves as the lead entity for the Continuum of Care planning process. SHPG members meet monthly during the year and focus on identifying the needs of the homeless, educating the public, identifying strategies for prevention and intervention and to prioritize needs. This organization also conducts the homeless street count and keeps tabs on local homeless programs.

Affordable Housing Barriers

In Somerville there are three major barriers to the preservation and development of affordable housing, all beyond the control of the City, they include:

- *The high cost of existing real estate and the high cost of new construction;*
- *The dearth of developable land sites and the high costs of those few sites, given the demand by private developers of market rate housing; and*
- *The reduction in state and federal funding to create additional units of affordable housing and expand rental assistance.*

Somerville also has a number of brownfield sites which impact the cost and availability of sites to create affordable housing. During profitable housing markets, for profit housing developers are willing to incur the environmental cleanup costs in order to develop market rate housing. Nonprofit housing developers have followed suit not because they will earn the benefits, but because there is so little developable land available.

The high cost of the existing housing stock has made it nearly impossible for residents to use City down payment assistance programs since 1999. High land and property costs have made it difficult to develop new units within the cost limits of many programs. A recent study found the average affordable housing project in Massachusetts used seven funding sources.



Housing Strategies

The strategies listed in this section are the result of extensive public outreach efforts beginning in the summer of 2002 that included: public hearings, focused discussions among homeless providers and housing advocates, neighborhood meetings, interviews with human service professionals, private housing developers and Somerville residents. The City of Somerville is committed to providing for the housing needs of all of its residents. Therefore, the City will actively pursue strategies to accommodate needs of residents in an effort to accommodate changing needs and market conditions.

Strategy: Strengthen, support and expand the capacity of Somerville's nonprofit affordable housing providers to develop and manage housing

- *The City recognizes that nonprofit developers play a significant role in the development of affordable housing production. It is essential in high cost communities like Somerville that nonprofits develop and manage affordable housing and that they are supported.*

Strategy: Continue to support and finance housing rehabilitation programs

- *The housing rehabilitation program in Somerville is critically important in the strategy to increase the supply of affordable housing in town. The City is committed to level funding and increasing funding over the next five years.*



Strategy: The preservation of expiring-use properties across the City

Currently, there are eight different expiring use buildings in Somerville representing a total of 140 units that are due to expire during the period of time covered by this Comprehensive Affordable Housing Strategy.

Strategy: Update and revise the City's Inclusionary Housing Ordinance

- *The purpose of the City's Inclusionary Housing Ordinance is to retain and encourage housing opportunities for people of all income levels, and to mitigate the impacts of development of market-rate housing on the supply and cost of low and moderate income housing. Currently, 12.5% of all units developed in any residential project must be affordable. The city is updating the ordinance to accurately reflect its intention.*

Strategy: Continue to support and finance large, multi-family housing developments

- *A critical way the City can demonstrate its support for an affordable housing agenda for multi-family developments in the next five years is by working to preserve the affordability of existing units and by continuing to fund larger scale housing projects.*

Strategy: Educate the Somerville community, including public officials on the importance of providing affordable housing

- *Educating the community about the importance of providing affordable housing affects its ability to address the issue and provide housing for those who most need it. Implementing a public education campaign that identifies the values the community holds related to housing issues can begin to develop the necessary framework.*



Strategy: Expedite City approval and financial support of projects with 1 to 4 units.

- *One of the best ways to expand and preserve the existing housing stock is through the rehabilitation of one to four unit properties.*

Strategy: Secure additional funds for the Affordable Housing Trust Fund (AHTF)

- *The Somerville AHTF was created in 1989 by a City ordinance. Its purpose is to preserve and create affordable rental and homeownership units in the City and carry out programs to directly assist homeowners and renters. More money is needed to continue this trust fund.*

Strategy: Support the Comprehensive Permit process and extend the terms of affordability

- *The OHCD staff plans to work with the Planning Department staff to explore ways the comprehensive permitting process can be improved to include more preliminary input from residents and housing advocates so that it is in line with affordable housing goals*

Strategy: Explore land use and zoning models to increase affordable housing production

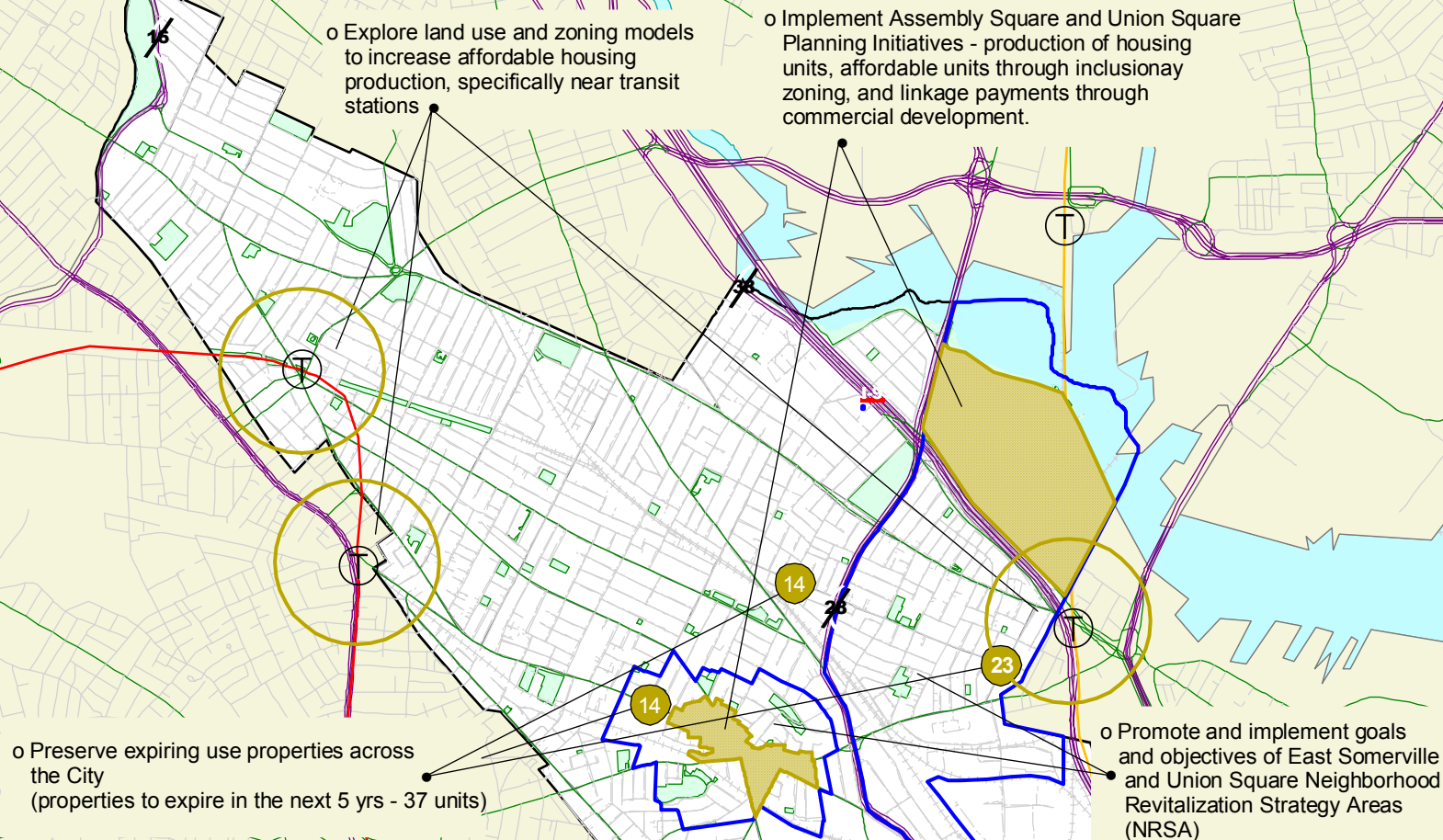
- *This strategy recommends that OHCD and the City's Planning Department examine changes to land use policy within the city. These include increasing density and developing mixed-use projects where appropriate and the use of linkage payments for the Somerville Affordable Housing Trust Fund.*

Strategy: Continue to support and expand the First Time Homebuyer's Program and down payment assistance

- *The City has operated a homebuyer-training program since 1991 that is widely considered one of the most successful programs of its type in the state, nearly 3,000 potential homeowners have participated. Somerville will continue to support and expand this program.*

Strategy: Continue to support and increase homeless prevention programs

- *Through the Prevention and Stabilization Program, continue to help income eligible individuals and families at risk of homelessness transition from this to permanent housing during a twelve month period with the possibility of extension. After two years, the program will be reevaluated.*





HOUSING ELEMENT

June 2004

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Introduction

The Housing Element of the Somerville Community Development Plan (CDP) was completed with the review of the 2003 Five Year Consolidated Plan, public comment from multiple community meetings, and the addition of middle-income housing needs, demands, and strategies.

In the past decade, the City has dedicated significant efforts to increase the planning, preservation and production of housing for a diversity of income levels. This element will review existing conditions, barriers, and strategies for housing.

During the months of May and June 2002, OHCD hosted four neighborhood visioning meetings, two element-specific meetings, and one final 'Community Fair', in preparation for the CDP. The community meetings helped to guide the City in the development of a Vision Statement that has been used to direct the City through the development of the CDP. The vision statement for the Housing Element is as follows:

- *Preserve housing suitable for different family size, styles, and income levels, with an emphasis on maintaining the City's historically affordable rents and respecting the architectural heritage of our "city of homes";*
- *Ensure more permanently protected affordable housing;*
- *Maintain condition and appearance of existing housing stock, especially historically significant elements;*
- *Prevent tendency to overcrowd and overdevelop land and housing;*
- *Stress the importance of residential open space in housing: yards, gardens, porches provide much needed natural relief;*
- *Ensure that workers in the City can afford to live in the City;*
- *Consider public transit options when locating new housing; and*
- *Develop mixed use areas to house both residents and the businesses that serve them.*

Current Housing Profile

For decades, the city has enjoyed a reputation as a community affordable to households across a range of incomes. However, this reputation is changing. *Housing sale prices have risen four times as fast as incomes on an inflation-adjusted basis since 1980.* This is the result of two real estate booms, one in the mid-1980s and a second that began in 1995, with the end of rent control in Boston and Cambridge, and has continued as prices have soared throughout Greater Boston.

The number of non-family households rose 18% (2,597) between 1990 and 2000 to 16,887.

- **Individuals living alone** accounted for 58% of all non-family households and 31% of all Somerville households, compared to 64% and 30% in 1990. The number of elderly living alone fell by 515 (16%), while the number of non-elderly living alone rose by 1,182 (21%).
- **College and Graduate Students** Among Boston area cities and towns, Somerville is second only to Cambridge in the percentage of residents (14.8%) who are college and graduate students. Between 1990 and 2000, the number of such students living in Somerville, including students enrolled at Tufts, Harvard and MIT and students living at home, rose to 11,452, up from 10,991 (14.4% of the population) in 1990. Overall, students accounted for 36% of Somerville's population growth between 1990 and 2000 and 22% of the growth in people living in households (not in dorms or other group quarters). In 2000, students made up 13% of the population living in households. Because the percentage of students living in university housing is relatively low (16% compared to 24% in Boston and 50% in Cambridge), students have a major impact on the demand for rental units and, consequently, drive up rents. Recent increases in the supply of college housing have not kept pace with the growth in students. Between 1990 and 2000, the number of students grew by 461, while the number living in college housing increased by 250.



Housing prices in Somerville have soared in the past two decades. In 2001, the median sales price for a single-family home rose to \$312,000, and the median asking rent for a two-bedroom apartment was over \$1400. Because Somerville residents have relatively modest incomes (84% of the regional median household income), over one quarter (27%) have significant housing affordability problems. It is estimated that about 8,200 low-income households have housing problems (paying 30% or more of income for housing and/or living in units that are overcrowded or lack complete plumbing or kitchen facilities). This includes:

- approximately 7,300 renters, including almost 4,000 households paying over half their income for housing, and
- approximately 800 homeowners, including almost 600 paying over half their income for housing.

Extremely low-income households have the most serious difficulty paying for housing, as demonstrated by the fact that 58% of renters in this category (2,170) pay more than half of their income for housing. In addition, a significant number of renter households with incomes closer to 80% of median would like to become homeowners but have been blocked by the recent rise in housing sale prices.

Somerville has had especially large cost increases compared to the relatively modest incomes of its residents. While 1999 household and family median incomes were 16% and 25% below the respective Boston PMSA medians, Somerville's median gross rent was 9% higher than the regional median. The median sale

price for a single-family home was only 10% below the regional median.

HOUSING SUPPLY

Housing supply has grown 9% (2,719 units) since 1970 to a total of 32,477 units. Excluding seasonal units, Somerville gained 620 units between 1990 and 2000; even as supply in several adjoining communities stagnated or fell. However, Somerville's rate of growth has fallen steadily each decade, as the supply of vacant land has shrunk.

Somerville has long been a city of renters and the percentage of its units that are renter-occupied has slowly grown, rising from 65.9% in 1970 to 69.0% in 1980 and 69.4% in 2000. It now ranks second in the state (behind Chelsea) in renter occupancy.

In 2000, Somerville had 31,555 occupied units, up 4.1% (1,236 units) in past decade, primarily as a result of filling vacant units. According to the Census, 38% of the growth was the result of construction in the past decade (1990 through March 2000)

Somerville continues to have very low vacancy rates. According to the Census, it had a 0.8% ownership vacancy rate and a 1.6% rental vacancy rate in 1999, down from 1.2% and 4.0% respectively in 1989. These are far below the level economists deem ideal for housing choice (2% for ownership units and 5% for rentals).

The number of condominium units in Somerville doubled between 1989 and 1999 and has

Somerville Condominium Prices and Affordability – 1999-2002

Year	Average price	# of sales	Monthly housing costs excluding utilities	Household Income required at 30% of income ¹⁵	Median Family income	Median Household income	Price affordable at Median HH income	Price Gap: average price vs. what median household can afford
1998	\$171,123	84	1,426	\$57,047				
1999	\$208,835	110	1,696	\$67,830	51,243	46,315	133,600	-75,235
2000	\$322,956	183	2,511	\$100,459	*53,605	*48,383	140,820	-182,136
2001	\$285,583	236	2,244	\$89,773	*57,240	*51,707	152,450	-133,133
2002	\$284,363	31	2,236	\$89,425	*60,692	*54,810	163,300	-121,063

*2000-2002 incomes estimated using HUD changes in MSA median family incomes since 1999



been growing at an even faster since 1999. Between January 2000 and May 2004, 963 more condominium units were created or approved for conversion. Additional units are probably in the pipeline since conversion permits are not required for new construction.

While condominiums represent a small percentage of the City's housing units - 2.6% in 1999 - they have had a disproportionate impact on Somerville's rental housing supply and housing costs because most have been created by converting existing rental units. Over 900 rental units have been converted in the past five years and become much more expensive housing.

City Condominium Review Board records show that conversion permits were issued for 573 units in 203 buildings from August 1997 to August 2002; of those units, 80% were former rental units (458), while 20% (115) had been owner-occupied. As a result, about 40% of all residential sales in 2002 involved condominiums up from 10% in 1994.

HOUSING COSTS

Demand for housing in Somerville has grown in recent years and with almost no land available for residential development, vacancy rates have fallen and prices have risen more rapidly than incomes both for lower and middle income households. Housing sale prices and rents in Somerville have risen three to four times as much as incomes in the past two decades on an inflation-adjusted basis.

Somerville, along with all of eastern Massachusetts, has experienced two periods of rapid housing sale price increases in the past 20 years. Nominal (non-inflation adjusted) average sale prices quadrupled in the in the 1980s. After declining by about 25% during the recession of the early 1990s, they began rising again, returning to 1988 peak levels in 1997 and then began increasing dramatically and steadily again. Because the volume of sales has also increased (averaging over 650 sales a year since 1998 compared to 138 in 1988), this price inflation has af-

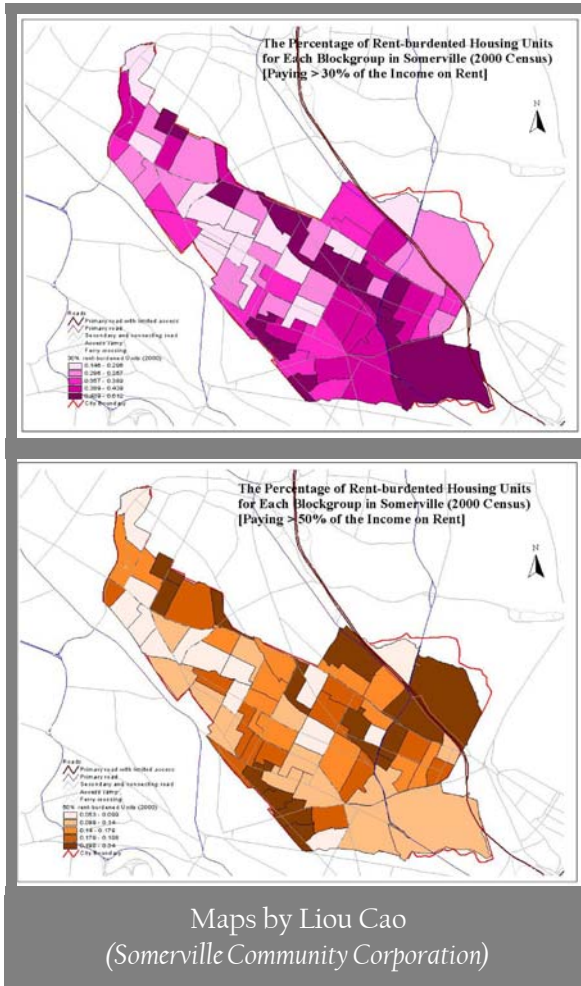
ected a large portion of the housing stock. City Assessing data shows that sales prices for residential properties in Somerville rose 6-8 fold since 1980 in nominal (non-inflation adjusted) dollars. On an inflation-adjusted basis (January 2002 dollars)¹⁸:

- between 1980 and 1989, average sale prices for 1-3 unit properties rose 113-142%, while inflation-adjusted median household incomes between 1979 and 1989 rose 32%.
- between 1990 and 2000, average sales prices for 1-3 unit properties rose 31-55%, while inflation-adjusted median household incomes between 1989 and 1999 rose 6%.
- between 1999 and 2001, average prices rose 18-51%, while inflation-adjusted area median household incomes rose an estimated 5%.¹⁹

In 2000, 37% of Somerville renters (over 8000 households) paid 30% or more of their income for housing and 16% (over 3,500 households) paid 50% or more. Census data indicates that the median rent burden in Somerville (percentage of income paid for rent and utilities) *fell* between 1989 and 1999 from 27.2% to 24.9%. However, given the significant rent increases since 1999, we believe median rent burdens have since risen (about 30% of Somerville rental units turn over annually).

While high rent burdens are a bigger problem in some neighborhoods than others, they have increasingly become a citywide problem as the percentage of cost-burdened renters has risen in all neighborhoods.

The two maps below show the percentage of renter households paying 30% of income or more for housing in 1999 by census block group and the percentage paying over 50% of income for housing.



The average condominium sale price rose from about \$171,000 in 1998 to \$327,250 in 2003. Assuming a monthly condo fee of \$250, a 5% down payment, a 6.5% 30-year mortgage and property taxes equal to 0.1% a month, a first time buyer would need an income of almost \$90,000 to buy an average-priced condominium in 2003. This is 57% more than the estimated 2001 median family income and 74% more than estimated median household income. Investors buying that average condo would need rents of over \$2200 excluding utilities to cover pre-tax costs.

Sale prices for 1-3 unit properties have increased by more than 50% on an inflation-adjusted basis since 1998 and show no sign of weakening. The median price for units sold in the past six months was \$337,000 for condominium, \$424,747 for a single-family home, \$458,779 for

a two-family home and \$488,695 for a three-family building (Source: Warren Group). These prices exceed the amount most middle income first time homebuyers can afford.

AFFORDABLE HOUSING INVENTORY

As detailed below, Somerville has over 2,700 units of housing in HUD- or State-subsidized developments that are specifically reserved for low-income households. In addition, about 1,000 households receive help with housing costs through Section 8 housing choice vouchers or other tenant-based rent subsidy programs. Households can use the vouchers to rent any private unit that meets HUD standards. Somerville is also home to a number of community residences for persons with disabilities and to transitional housing programs for special populations.

Subsidized Developments ("40B" Inventory)

The Commonwealth of Massachusetts maintains a Subsidized Housing Inventory, known informally as the "40B inventory" which tracks subsidized developments (defined as developments which receive state, federal and/or local subsidies). Subsidized developments must meet the following criteria: (1) have at least 20-25% of their units reserved for and affordable to households with incomes at or below 80% AMI and (2) meet other state requirements regarding affirmative marketing and a minimum legally binding use restriction term.

As of December 2002, Somerville had 2,791 units of housing reserved for low-income households ($\leq 80\%$ AMI) that met the State's criteria for inclusion in the Subsidized Housing Inventory. These 2,791 units represent 8.73% of Somerville's year round housing stock. *Excluding 42 homeowner rehabilitation units*, 2,749 were in developments that receive state and/or federal subsidies; of these, ninety-nine percent (99%) are rental units. The majority of these 2,749 units came on line between 1950 and the early 1980s; 258 were developed in the past decade, including 133 since January 2000.



The 2,749 units of Somerville's 40B inventory include:

- 1,422 units (52%) of public housing
- 1,327 units (48%) of privately owned subsidized housing
- 1,294 units (47%) are in projects specifically for the elderly and disabled
- 113 units (4%) are in supportive housing programs for special populations (persons with developmental or psychiatric disabilities, victims of domestic abuse, formerly homeless), and
- 1,342 units (49%) are in projects without age restrictions.

Seven of the subsidized developments listed in the 40B inventory have use restrictions that expire in the next five years. The seven projects contain 140 affordable units, all subsidized under the Section 8 New Construction/ Substantial Rehabilitation program.

The City is fully committed to preserving the long-term affordability of these projects. To date, no "expiring use" projects have been lost in Somerville and the City was an active participant in negotiations that results in the preservation of over 700 units in two projects under long term agreements with their owners (Cobble Hill Apartments) or through the sale of the property of residents (Clarendon Hill Towers).

Not included in the 2,791 total above are about 98 units affordable to households with incomes at or below 80% of median that were created since January 2000, under programs that do not meet all of the state standards for inclusion in the 40B inventory. This number includes units with project-based Section 8 vouchers, 25 units of transitional housing, 32 inclusionary zoning and about 30 units assisted under the City's Homeowner Rehab Loan program.

The vast majority (89%) of the units in Somerville's subsidized developments (2,435 of 2,749 units) are affordable to extremely low-income households because they are subsidized through programs (Section 8 or public housing) that set gross rents at 30% of tenant income.

In addition to the projects listed in the 40B inventory chart, Somerville has about 50 rental units subject to short-term affordability restrictions under its homeowner rehabilitation loan program. For over a decade, the City has been using federal grant funds (HOME and/or CDBG) to help 20 to 30 homeowners a year with incomes at or below 80% of median to bring their properties up to code, upgrade their heating systems and finance other property improvements, including lead hazard abatement. Most of these properties are two-family or three-family buildings with rental units. In some cases, owners have agreed to reserve rental units for tenants with incomes below 80% or 60% of median for five years and/or to limit the rents they charge and keep them at affordable levels.

Generally not qualifying for inclusion in the 40B inventory, 32 affordable units have been created through the City's inclusionary zoning. The ordinance requires that all the affordable units be affordable in perpetuity.

For rental projects, at least half the inclusionary units must be reserved for households with incomes $\leq 50\%$ of area median income (AMI), with the balance for households $\leq 80\%$ AMI. For ownership units, at least half must be reserved for households $\leq 80\%$ AMI, with the balance reserved for households $\leq 110\%$ AMI.

As of January 2003, just over 1,000 households in Somerville were using tenant-based rental assistance, including 985 households using Section 8 vouchers, 23 using vouchers funded by the State and 21 using vouchers under a City program, Prevention and Stabilization Services (PASS), funded with HOME funds, that provides 12 months of rental assistance.



Somerville Subsidized Housing ("40B") Inventory - 2002

	Yr Start ²³	Funding Agency	Major Funding Programs	Total Units	Total Affdbl	PBA/ PH Units ²⁴	Elderly and/or disabled	Special Populations	Yr Use Restriction Ends	Housing Type
Federal Public Housing										
Mystic View	1952	HUD	PUBH	215	215	215	0	0	Perpetuity	Unrestricted
Highland Gardens	1958	HUD	PUBH	42	42	42	42	0	Perpetuity	Elderly/disabled
Brady Towers	1962	HUD	PUBH	84	84	84	84	0	Perpetuity	Elderly/disabled
Weston Manor	1972	HUD	PUBH	80	80	80	80	0	Perpetuity	Elderly/disabled
Subtotal				421	421	421	206	0		
State Public Housing										
Clarendon Hill Apts	1948	DHCD	200	216	216	216	0	0	Perpetuity	Unrestricted
Mystic River Apts	1949	DHCD	200	240	240	240	0	0	Perpetuity	Unrestricted
Capen Court	1957	DHCD	667	64	64	64	64	0	Perpetuity	Elderly/disabled
Corbett Apts.	1963	DHCD	667	100	100	100	100	0	Perpetuity	Elderly/disabled
Properzi Manor	1968	DHCD	667	110	110	110	110	0	Perpetuity	Elderly/disabled
Monmouth Street	1974	DHCD	689	8	8	8	0	8	Perpetuity	Special needs
Prospect House	1977	DHCD	689	8	8	8	0	8	Perpetuity	Special needs
Bryant Manor	1980	DHCD	667	134	134	134	134	0	Perpetuity	Elderly/disabled
Hagan Manor	1982	DHCD	689	24	24	24	24	0	Perpetuity	Special needs
Ciampa Manor	1987	DHCD	667	53	53	53	53	0	Perpetuity	Elderly/disabled
Clarendon Hill Towers	1990 ²⁵	DHCD	667	41	41	41	41	0	2089	Elderly/disabled
Fountain/Sycamore Sts.		DHCD	705	3	3	3	0	0	Perpetuity	Unrestricted
Subtotal				1001	1001	1001	526	16		
Other Subsidized Housing										
Scattered S8 Mod Rehab		HUD	SEC8 MR	13	13	13	0	0		Unrestricted
Clarendon Hill Towers	1969	HUD/DHCD	d3/RDAL	460	460	347	0	0	Perpetuity	Unrestricted
B.F. Faulkner Tower	1978	MHFA	SEC8 NI	130	130	130	130	0	2018	Elderly/disabled
Center House	1980	HUD	202	7	7	7	0	7	2022	Special needs
Mt. Vernon I	1980	HUD	SEC8 NI	8	8	8	0	0	2005	Unrestricted
Mt. Vernon II	1980	HUD	SEC8 NI	8	8	8	0	0	2005	Unrestricted
111 Walnut St.	1981	HUD	SEC8 NI	14	14	14	8	0	2006	Mixed
Mt. Pleasant Apartments	1981	MHFA	SEC8 NI	65	65	65	65	0	2011	Elderly/disabled
Mt. Vernon III	1981	HUD	SEC8 NI	7	7	7	0	0	2006	Unrestricted
Cobble Hill Apartments	1982	HUD	SEC8 NC	223	223	223	186	0	2002	Mixed
Walnut St. Ctr Scattered	1982	HUD	202	18	18	18	0	18	2022	Special needs
110 Walnut St.	1983	HUD	SEC8 NI	12	12	12	0	0	2003	Unrestricted
Pearl St. Park	1983	HUD	SEC8/d4	86	85	85	85	0	2003	Disabled
219-221 Pearl St.	1984	HUD	SEC8 NI	6	6	6	0	0	2004	Unrestricted
Lincoln/Perkins Streets	1988	DHCD	HOP	6	5	0	0	0	2022	Homeownership
Merriam Street	1989	DHCD	HIF/MRVP	8	8	8	0	8	2029	Special needs
Sewall Place SRO	1992	DHCD	AHP/HIF	14	12	12	0	12	2022/2029	Some homeless
Myrtle St. Townhouses	1995	DHCD	LIP	14	2	0	0	0	Perpetuity	Homeownership
Quincy Highland Realty Tr	1995	HUD	HOME Rehab	14	14	0	0	0	2005	Unrestricted
33 Bow Street	1996	DHCD	HOME/TC	18	16	0	0	0	2027	Unrestricted
Broadway Residence	1996	HUD/DHCD	811/FCF	9	8	8	0	8	2036	Special needs
Pearl Street House	1996	HUD/DHCD	811/FCF	10	10	10	0	10	2036	Special needs
6-8 Walnut Road	1997	HUD/State	811/FCF	6	6	6	0	6	2037	Special needs
Flint/Pitman/Pearl FTHB	1997	DHCD	HOME	7	5	0	0	0	2010/perp	Owner (2 rental)
Giles Park/Glen St. FTHB	1998	DHCD	HSF	7	7	0	0	0	2028	Homeownership
Highland Commons	1998	DHCD	LIP	53	5	0	1	0	Perpetuity	1 handicapped
Kent Street Apartments	1998	DHCD	TC/HOME	40	40	0	0	20	Perpetuity	50% supportive
Franklin Street	2000	DHCD	LIP	8	2	0	0	0	Perpetuity	Unrestricted
VNA Assisted Living	2000	DHCD	HOME TC	97	73	0	73	0	Perpetuity	Elderly
Somerville Place	2001	HUD/DHCD	811/HIF	8	8	8	0	8	2041	Special needs
Wheatland St. FTHB	2001	DHCD/City	HOME/CD	8	8	0	0	0	Perpetuity	Homeownership
Linden Street	2002	DHCD	HOME/TC	42	42	18	14	0	2032/perp	Unrestricted
Subtotal				1426	1327	1013	562	97		
Homeowner Rehab Units				52	42	0	0	0	varies	
Total				2,900	2,791	2,435	1,294	113		



HOUSING NEEDS

This section of the element estimates the number and type of households in need of housing assistance by income range.

To help localities estimate current housing needs, HUD generated local 2002 estimates of the number of households by income bracket and household type by applying regional growth trends to the 1990 CHAS data. For simplicity, HUD assumed no change in distribution among income ranges by household type (e.g. if 10% of elderly owners were low income in 1990, it assumed 10% were low income in 2002). For this element, we adjusted the HUD estimates replacing three growth assumptions for 1990-2002 with actual 2000 Census data for Somerville. We also corrected an error in the 1990 CHAS baseline regarding the split between renter and owner households. These adjustments resulted in the following estimate of the number of households in Somerville in 2000 by income bracket and household type:

- 4,708 are extremely low income (15% of all Somerville households); and
- 3,943 are low income (12% of all Somerville households), and
- 4,196 are moderate income (13% of all Somerville households); and
- 13,700^{note} are middle income (41% of all Somerville households).

Housing Costs for renters are defined as the sum of rent paid to the landlord plus the cost of basic utilities (excluding telephone). For homeowners, housing costs are the sum of mortgage payments, condo fees, home insurance, real estate taxes and basic utilities.

Affordability Economists determine the amount households can “afford” to spend for housing by deducting the amount they need to cover their basic needs (food, clothing, and medical care) from the household’s total income.

Housing Problems is defined by HUD as paying 30% or more of income for housing and/or living in units that are overcrowded or lack complete plumbing or kitchen facilities.

Affordability Problems

We estimate that Somerville had about 4,708 extremely low income (ELI) households in 2000 and of that, two-thirds (3,214) had housing problems, including 3,199 with cost burdens. Half (52%) had severe cost burdens. The 3214 households include:

- 2170 renter households with severe cost burdens (58% of all ELI renters)
- 286 homeowners with severe cost burdens (29% of all ELI owners)
- 455 renters paying 30-49% of income for housing (12% of all ELI renters)
- 288 owners paying 30-49% of income for housing (30% of all ELI owners)

Income Definitions The EO 418 Inter-Agency Working group defines “affordable housing as follows:

- Extremely low income households: incomes ranging from 0-30% of Area Median Income
- Low income households: those with incomes ranging from 31-50% Area Median Income
- Moderate income households: those with incomes ranging from 51-80% Area Median Income
- Middle income households: those with incomes ranging from 81%-150% Area Median Income

The Area Median Income that applies to Somerville is the median for the Boston-N.H. PMSA (Greater Boston and Southern New Hampshire).

We estimate that 3,901 Somerville households were low income (LI) in 2000 and of that, 2,613 (67%) have housing problems. Of these 96% are renters. The 2,613 LI households with problems include:

- 1,411 renters with severe cost burdens (48% of all LI renters)
- 1,063 renters paying 30-39% of income for rent (37%)
- 113 owners (53 with severe cost burdens and 50 paying 30-39% of income)

We estimate that 4,230 Somerville households were moderate income (MI) in 2000 and of that



54% (2,287) have housing problems. Of these, 95% are renters. The 2,287 households with problems include:

- 410 renters with severe cost burdens (13% of all MI renters)
- 1679 renters paying 30-49% of their income for housing (53% of all MI renters)
- 114 owners with affordability problems (23 with severe cost burdens and 78 paying 30-49%)

We estimate that 13,700 Somerville households were Middle Income (MIDI) in 2000 and of that, 21% (2,900) have housing problems. Of these 2500 are renters. The 2,900 with housing problems include:

- 2,100 have cost burdens of 30% or more
- 400 are homeowners, mainly with overcrowding problems.

Homelessness

Somerville, not unlike most communities across the country, has a plan in place for managing homelessness. This plan is articulated in the annual Continuum of Care submission for McKinney Funds administered by HUD. In partnership with OHCD, the Somerville Homeless Providers Group (SHPG) serves as the lead entity for the Continuum of Care (CoC) planning process. Much of the information provided in this section is taken from the CoC report.

The SHPG is a coalition of housing developers, residents, local veterans services representatives, consumers, City officials, advocates and various social service providers, including those that serve the mentally ill, substance abusers, victims of domestic violence, youth and people with HIV/AIDS. The SHPG meets monthly throughout the year and is focused on identifying the needs of the homeless; educating one another and the community-at-large about homelessness; identifying strategies for prevention and intervention; determining, prioritizing, and advocating for resource needs to ensure the availability of services and affordable permanent housing; coordinating and integrating services; and serving as a resource to the City of Somerville in evaluating funding and program-

ming priorities, including CDBG and ESG.

In addition, the SHPG organizes the street count of the homeless; conducts an annual survey of all homeless programs; holds focus groups with the homeless; convenes sub population working groups; organizes the public hearing on proposed programs; and convenes the annual Homeless Summit.

While funds for transitional and permanent housing are prioritized, maintaining the existing shelter system is a key component in housing the City's homeless population. While it is beyond the financial resources of the City to ameliorate the conditions that lead to homelessness, it is not beyond our ability to prevent homelessness where we can. Further, the City can, within limits, address the infrastructure needs of existing homeless service providers that cater to the housing needs of our most vulnerable residents. A City program, Prevention and Stabilization Services (PASS), funded with HOME funds, that provides 12 months of rental assistance to 21 individuals and families who are homeless or at risk for homelessness (as of Jan. 03). In addition, six (6) formerly homeless households will soon be assisted under HUD's Shelter Plus Care program.

Incomes compared to the State and Region

Somerville's rank among the 351 cities and towns in Massachusetts rose in terms of median household income (265 in 1999, up from 275 in 1989), while its rank in terms of median family income *fell* (297 in 1999, down from 273 in 1989). In the past 20 years (from 1979 to 1999):

- Per capita income rose from 85% of the state average to 91%
- Median household income rose from 82% to 92% of the state median (and from 78% to 84% of the MSA median)
- Median family income fell from 87% to 83% of the state average (from 81% to 75% of the MSA median) the poverty rate rose from 12.4% to 12.5% (after falling to 11.5% in 1989).



In order to plan for the needs of the homeless it is critical to know the number of homeless persons in the City and the circumstances in which the homeless find themselves. In order to determine this, the City and SHPG conduct a one night homeless street count every two years. The City of Somerville and the City of Cambridge conduct their homeless counts on the same night to reflect the fluidity of the homeless population between the two cities. A street count was conducted on March 30, 2004; Somerville reported that 194 people were found to be homeless.

This data may not represent an accurate count of homeless persons in Somerville on the night of the census. The count is, most likely, low for a variety of reasons and does not take into account any families sheltered in Somerville at nontraditional DTA placements (hotels, etc.) as well as women and children in domestic violence shelters or other "safe spaces."

The number of chronic unsheltered in Somerville has grown dramatically from a high of 5 unsheltered individuals in 2000 to 25. This reflects a growing trend across the state. The numbers of homeless have been growing while the supply of affordable housing has dwindled as housing costs soar. This crisis is also reflected in the fact that the emergency shelter system operates at 140% capacity. This means that 40% of the people seeking shelter are turned away due to lack of beds. This is a result of a gridlock in the system: with limited affordable permanent housing units available, the homeless often languish in the shelters waiting for an available and appropriate housing unit.

The City of Somerville and the SHPG have also considered the needs of the chronically homeless as part of their strategy for eliminating homelessness and have continued to incorporate their needs into their ongoing program design. The strategy for the chronically homeless has been to identify the gaps in their safety net (system of support) and design and implement programs that will result in long-term permanent solutions, thus achieving our ultimate goal of stabilizing these individuals in permanent

housing. For the chronically homeless, this means looking at the existing system and how it provides for the three critical components necessary to moving the chronically homeless toward permanent supportive housing. These three components are permanent supported housing, services, and stable income sources (either entitlements or employment). The goals and action steps for alleviating homelessness within the City of Somerville can be found in the 2003 Continuum of Care report.

Affordable Housing Barriers

Currently there are three major barriers to the preservation and development of affordable housing in Somerville, all beyond the control of the City:

- *the high cost of existing real estate and the high cost of new construction;*
- *the dearth of developable land sites and the high costs of those few sites, given the demand by private developers of market rate housing; and*
- *the reduction in state and federal funding to create additional units of affordable housing and expand rental assistance.*

Brownfield Sites

Somerville has a number of Brownfield sites, which have a significant impact on the cost and availability of sites to create affordable housing. In spite of environmental contamination, we find that in a "hot" housing market, for profit housing developers are willing to incur the environmental clean up costs in order to develop market rate housing. Nonprofit housing developers have, of necessity, followed suit not because they will reap large profits but because there is so little land available to be developed for affordable housing. Sites across the city which were once deemed financially infeasible when environmental testing showed unacceptable levels of pollutants now have projects proposed or in various stages of development. While this has positive impacts on the environment, it adds considerably to development costs and places a considerable strain on already limited resources.



High Property Acquisition Costs, Limited Land, Limited Subsidy Funds

The high cost of the existing stock has made it nearly impossible for residents to use City down payment assistance programs since 1999. High land and property costs have made it difficult to develop new units within the cost limits of many programs. This problem, combined with the federal retreat from deep subsidy programs, raises the cost of development further by lengthening the time it takes developers to assemble financing and obtain program waivers. A recent study found the average affordable housing project in Massachusetts used seven funding sources.

Housing Strategies

Introduction

The strategies listed below are the result of extensive public outreach efforts conducted by the Office of Housing and Community Development beginning in the summer of 2002 that included: public hearings, focused discussions among homeless providers and housing advocates, neighborhood meetings, interviews with human service professionals, private housing developers and Somerville residents. The participants informed, and reacted to, a range of initiatives to address the gaps in housing availability and support services.

The City of Somerville is committed to providing for the housing needs of all of its residents. Therefore, the City of Somerville will actively pursue strategies to accommodate needs of Somerville residents in an effort to accommodate changing needs and market conditions.

Strategy: Strengthen, support and expand the capacity of Somerville's nonprofit affordable housing providers to develop and manage housing.

Description of Strategy and Objectives

Nonprofit developers play a significant role in the development of affordable housing production across the country. It is essential in high

cost communities such as Somerville that nonprofit organizations develop and manage affordable housing. The City recognizes the value of nonprofit developers in the production and maintenance of affordable housing and is committed to support their efforts.

Currently, there is one primary not-for-profit affordable housing developer operating in the city; the Somerville Community Corporation, the City's only designated Community Housing Development Organization (CHDO). The Somerville Community Corporation has developed over 200 units for low and moderate-income individuals and families since it was established in 1969. Over the past three years SCC has placed its highest priority on pursuing the development of larger scale projects (10 or more units) in the interest of attaining economies of scale in its housing development. While the opportunities to develop large scale projects is limited due to lack of available land, SCC has succeeded in completing two larger projects over the past two years, and is presently permitting a third project. Prior to 1999, however, SCC developed several 1-4 family properties over a 5-year period, and maintains a strong interest in pursuing such properties where economically feasible.

Recently, Cambridge based, Just-A-Start has begun construction of a development of six affordable housing units in Somerville. This project proposes to provide three permanently affordable rental units and three transitional units for young parents and their children that fit with and fulfill some of the city's affordable housing needs. This type of housing was highlighted as a priority in the last Comprehensive Affordable Housing Strategy (CHAS) produced by the city and continues to be in extremely high demand and equally short supply. The current project is a partnership with the Somerville Housing Authority whose clients will occupy three of the six units. The City encourages this type of collaboration and is interested in supporting more.



Strategy: Continue to Support and Finance Housing Rehabilitation Programs

Description of Strategy and Objectives

Since 1991, the City of Somerville has successfully operated housing rehabilitation programs, that provide funding to low and moderate income residents for housing rehabilitation, lead paint abatement, down payment assistance, heating system replacement, energy conservation, window guard installation, historic and architectural preservation and adaptive improvements for the elderly and physically impaired. Administered by OHCD and primarily funded through the Community Development Block Grant program and HOME funds, OHCD provides financial assistance to qualified homeowners, rental property owners that serve low and moderate income individuals in the form of grants, deferred payment loans, and low or no interest loans.

The housing rehabilitation of OHCD is a critically important element in the overall strategy to increase the supply of affordable housing in Somerville. The City is committed to continued funding to meet its goals. This important source of funding assistance serves to augment the supply of affordable housing within the city by providing funding assistance to eligible applicants who may not otherwise have the resource to maintain their property in good repair. By continuing to support OHCD's housing rehabilitation programs this strategy reinforces another strategy, the need to expedite the approval of and fund small-scale projects of 1 to 4 units.

Existing Strategies

Inclusionary Zoning/Density Bonuses/Fee Waivers Somerville has had an inclusionary zoning ordinance since 1989 that requires developers of market rate housing projects to provide affordable units. Currently developers of projects with 8 or more units must make 12.5% of the units affordable in perpetuity; in rental projects, the units must be affordable to households with incomes at or below 50-80% AMI; in ownership projects the units are targeted to households at or below 80-110% AMI. The zoning ordinance provides for fee waivers and reductions and fast track permitting for all developments with affordable units.

Comprehensive Permits Under state law (Chapter 40B), developers of projects where at least 25% of the units will be affordable to households with incomes at or below 80% of AMI (or at least 20% affordable to households with incomes <50% AMI) can request a waiver of any local requirements, including zoning, needed to make the project economically feasible. Somerville has approved a number of developments under this process in the past few years.

Linkage Ordinance and Housing Trust Fund Somerville enacted a linkage ordinance in 1989 that requires large commercial developers to contribute to the Somerville Affordable Housing Trust Fund. Since 1991, the Trust has used linkage payments and a City donation of start-up funds, to fund over \$1.0 million in housing activities, including a rent arrearage/security deposit loan fund, an eviction prevention program, down payment assistance loans and long-term deferred payment loans to support the creation of over 100 units of affordable housing.

Donations of City Land The City has donated a number of parcels in recent years to developers of affordable housing.

Utilization of Project Based Section 8 Vouchers The Somerville Housing Authority and the City have worked closely to take advantage of the option to project-base Section 8 vouchers since the program's recent inception. Eighteen vouchers are in use at a new rental housing development (Linden Street) that opened in December 2002 and another three will be used for a new rental development for young mothers scheduled to begin construction (303 Medford Street).



Strategy: The Preservation of Expiring-Use Properties Across the City

Description of Strategy and Objectives

Massachusetts has one of the largest portfolios of expiring Section 8 contracts in the country, with as many as 12,000 units at risk during the next few years. Because of Massachusetts' large number of expiring-use properties, its rapidly appreciating property values, the recent roll-back of rent control in the state, and the relative scarcity of new sites for development, preserving low-income housing has become a major issue in the Commonwealth. Expiring use developments include developments financed by HUD or MHFA whose owners are now eligible to prepay the mortgages and convert the housing units to market rate. In 2002, Somerville was able to preserve a 224-unit development located in the Cobble Hill Urban Renewal Area. Most of the units (85%) in that development are reserved for the elderly. Preserving the 224-unit complex was a top priority of the City and it was successful in preserving the affordability of the development by working closely with local community groups, residents, and elected officials. In 2003, the City was able to reach agreements with the owners of two expiring use properties that will preserve 18 affordable units. The first, 110 Walnut Street (12-units), was purchased and rehabilitated by the Somerville Community Corporation with predevelopment and permanent financing from the City. The second, 219-221 Pearl Street (6-units), renewed an expiring contract in exchange for consultant assistance with the renewal process.

Strategy: Update and Revise the City's Inclusionary Housing Ordinance

Description of Strategy and Objectives

The purpose of Somerville's Inclusionary Housing Ordinance is to retain and encourage housing opportunities for people of all income levels, and to mitigate the impacts of development of market-rate housing on the supply and cost of low and moderate income housing. Any private developer wishing to develop eight or more market rate housing units (home ownership or rental) must make 12.5% of the units available

to in the city as outlined in Article 13 of the Somerville Zoning Ordinance. The city is in the process of updating and revising the ordinance to accurately reflect the intention of the ordinance.

The City recognizes the importance of the contribution that can be made by for profit housing developers in increasing the supply of both rental and homeownerships affordable housing units in the city.

Strategy: Continue to Support and Finance Large, Multi-family Housing Developments

Description of Strategy and Objectives

The scarcity of land available for development and high acquisition and development costs limit the amount of new affordable housing that can be constructed in Somerville. However, the City can continue to support affordable housing by financing larger scale construction projects (5 or more units) and by developing strategies to address the long-term preservation of existing affordable units.

A critical way the City can demonstrate its support for an affordable housing agenda, in the next five years, is by working to preserve the affordability of existing units and by continuing to fund the development of larger scale housing projects. As stated earlier, without a comprehensive strategy to address issues concerning prepayment options and the expiration of project based section 8 contracts, Somerville is in danger of losing 140 units of affordable housing in the next five years. Preserving affordable housing units as well as increasing the supply are clear goals of the City. The City will continue to fund larger scale affordable housing developments.

Strategy: Educate the Somerville Community, including Public Officials on the Importance of Providing Affordable Housing

Description of Strategy and Objectives

The necessity of educating the community at large about the importance of providing afford-



able housing affects its ability to address the issue and provide housing for those who most need it. While there are several efforts underway to bring the issue to the community at large there is not an on-going formalized effort to address the lack of information related to the need for affordable housing in Somerville. This lack of public education and awareness makes it difficult for nonprofit housing developers and social service providers, whose clients need housing, to advocate for a sustainable affordable housing agenda. By implementing such a public education campaign that identifies the values the community holds related to a broad range of housing issues including housing affordability the city can begin to develop a framework that reflects, compliments, and expands the strategies that are contained in this consolidated plan.

The end goal of such a campaign to educate the community on the issues of affordable housing and to create a framework that addresses the housing needs of lower income families and individuals as well as the a broad range of housing needs and issues including the lack of affordable housing.

This strategy recognizes the importance of outreach and education in cultivating support for affordable housing. Specific public relations efforts detailing the necessity for affordable housing can create a financial and policy making environment that encourages the development and preservation of affordable units.

Strategy: Expedite City Approval and Financial Support of Projects with One to Four Units

Description of Strategy and Objectives

As stated earlier in this element, one of the best ways the city can preserve and expand its stock of affordable housing is through the rehabilitation of small properties consisting of one to four units. In a fiercely competitive and “hot” market, housing developers must act quickly if they are to secure property in a timely manner. The process housing developers are required to abide by if the need to develop low income

housing using federal resources is cumbersome and time consuming. If the process could be expedited developers could make decisions on potential real estate in a more timely, system-

Lead Based Paint Needs - Lead paint hazards are more common in Somerville than the state-wide average because of the age of the city's housing stock. Pre-1950 buildings almost always contain lead hazards. In 1990, Somerville had the highest percentage of pre-1950 housing (79%) of any community in Massachusetts except for one tiny rural town (population 86). In 2000, 72% of all Somerville households (22,688) lived in pre-1950 housing.

Lead paint poisoning is a major health problem for families with children under the age of six. Ingestion of lead paint or inhalation of lead dust can impair a child's speech, hearing, learning ability and/or behavior. In extreme cases it can be fatal.

The Massachusetts Department of Public Health (DPH) has designated Somerville as one of 20 communities statewide at “high risk” for childhood lead poisoning and reports that during the five years between July 1, 1996 and June 30, 2001, thirty-seven (37) children aged 6 months to 6 years were confirmed to have lead poisoning. It is estimated that there are over 400 at-risk children living below the federal poverty level.

In 2001, the City received a \$1.1 million HUD grant to lead hazards and in July 2003, it was one of 13 applicants nationwide to receive a renewal grant. The renewal grant provides \$2,017,217 for lead hazard education and control. The funds will be used to continue the Somerville Lead Hazard Abatement Program (SLHAP) under the Lead Hazard Control Grant Program, and will be assisted by over \$270,000 in additional local funding. In 2003, 66 units were de-lead including 42 units occupied by low income households.



atic manner and facilitate the development of affordable housing thereby fulfilling this high priority-housing goal for the city.

Over the next couple of years, the city will examine the length of time it takes to make funding decisions and move developments through the approval processes by the Planning and Zoning boards. This will be part of a comprehensive effort to help facilitate affordable housing development in the community.

Strategy: Secure Additional Funds for the Affordable Housing Trust Fund

Description of Strategy and Objectives

The Somerville Affordable Housing Trust Fund (SAHTF) was created in 1989, by a city ordinance, and its first programs began in 1991. Its purpose is to preserve and create affordable rental and homeownership units in Somerville and carry out programs to directly assist homeowners and renters. All of its activities must benefit low and moderate-income households (with incomes at or below 110% of area median income).

The Trust was initially capitalized by a \$400,000 allocation of municipal funds and federal program income. In addition, all linkage fees from commercial development in Somerville go to the Trust, as do payments made in lieu of units pursuant to the city's Inclusionary Zoning Ordinance. It also receives revenues from the repayment of Trust-funded loans to affordable housing developers, first time homebuyers and renters receiving security deposit, arrearage or other loans. To date, it has received \$1.5 million in resources.

In the summer and fall of 2002, Trust Fund member went through a visioning process to establish how funds will be allocated and set future direction of the Trust. Currently the Trust Fund has a balance of \$ 248,000, which is not adequate to fund the housing development needs of the city. Working with OHCD and the administration, Trust Fund members have

formed a sub-committee to research ways to attract additional funds to the trust and are actively pursuing strategies to do this.

Over the next five years, the City will continue to find additional ways to secure addition resources that can be used for affordable housing production and preservation.

Strategy: Support the Comprehensive Permit Process and Extend Terms of Affordability

Description of Strategy and Objectives

Known as Chapter 40B of the Massachusetts General Laws or the "Anti-Snob Zoning Act", Chapter 774 of the Acts of 1969 was established to support the development of subsidized low and moderate income housing. The act established a streamlined permitting process that enables developers to make one comprehensive application to build affordable housing to a local Zoning Board of Appeals (ZBA). A comprehensive permit, which encompasses all local requirements and regulations including zoning, is reviewed and evaluated on a case-by-case basis and may allow construction at a greater density than is allowed by right. In communities where less than 10% of the year round housing stock is affordable to low and moderate income households or where 1.5% of the total land mass (with certain exclusions) is dedicated to affordable housing, the ZBA's decision can be appealed to the State Housing Appeals Committee if the application is denied or if ZBA conditions make the project unfeasible. The States Housing Appeals Committee may uphold a local ZBA decision or overrule the ZBA by granting or amending a comprehensive permit. Somerville's percentage is confirmed at 8.78% and asserts that, at least, 2.50% of its land mass is dedicated to affordable housing.

OHCD staff plans to work with Planning Department staff to explore ways the comprehensive permitting process can be improved to include more preliminary input from community residents and housing advocates so that it is in line with affordable housing goals and does not



Rezoning and mixed use zoning In certain areas of the city, a higher density may be allowed in designated areas where it can be demonstrated that it is a benefit to the city and provide for more affordable units. Rezoning may be appropriate on industrial and commercial sites that can be converted to residential or mixed use with higher density allowance.

Density Bonuses A density bonus is a provision determined by the Special Permit Grant Authority (SPGA) to relax the density requirement in order to permit a developer to create additional units. The City of Somerville current policy states that developers providing more than twelve and a half percent (12.5%) of the total units in the development as affordable units may apply for an additional density bonus in accordance with the special permit with site plan review. Bonuses may be awarded on the basis of a two-to-one ratio of market rate units to affordable housing units. For every additional affordable unit provided beyond the twelve and a half percent (12.5%) required, two (2) additional market rate units may be authorized. The additional affordable units provided shall continue to be offered at the rate of not less than 50% affordable to lower income range households and the remainder affordable to moderate income range households. The SPGA is the controlling authority for granting a density bonus and bonuses shall not exceed twenty percent (20%) of the number of units normally permissible under the lot area per dwelling unit requirements of Somerville's Zoning Ordinance. In determining any density bonus, the SPGA carefully considers a number of critical factors. The city may want to explore other means of working with density to achieve the objective of developing more affordable housing.

Linkage The premise upon which Somerville's Linkage Ordinance is based is that new commercial uses of all types not only create employment for city residents and others, but also create increased demand for housing and services for these new employees. Therefore all businesses requiring new construction or substantial rehab that are creating new employment in the city will be subject to the same standards for payment of linkage fees for affordable housing creation. Businesses with a total of thirty thousand (30,000) gross square feet or more, including phased projects each phase of which may include less than 30,000 gross square feet, shall contribute a fee in the amount of two dollars and sixty cents (\$2.60) per gross square foot above 30,000 gross square feet. Linkage payments are contributed to the Somerville Affordable Housing Trust Fund.

adversely impact the neighborhood in which it is proposed to be developed.

Strategy: Explore Land Use and Zoning Models to Increase Affordable Housing Production, including Transit Oriented Development

Description of Strategy and Objectives

This strategy recommends that OHCD and the city's Planning Department examine possible changes to land use policy within the city. Given a number of unresolved questions on possible changes to land use, rather than recommending specific changes we would give priority to research the possible changes that could benefit affordable housing. Possible land use and zoning changes that would be considered during this research period include: rezoning, mixed-use zoning, revision of the density bonus and the expansion of fees.

Over the course of the next five years, OHCD will work closely with the Planning Department to explore various land use and zoning models.

Strategy: Continue to Support and Expand the First Time Homebuyer's Program and Down Payment Assistance.

Description of Strategy and Objectives

The City of Somerville has operated a homebuyer-training program since 1991 that is widely considered one of the most successful programs of its type operating in the Commonwealth. Since its inception nearly 3000 potential homeowners have participated in the program. Home Buyer Training Classes are offered throughout the year with classes designed to help potential first-time homebuyer understand the steps in the home buying process. In addition to qualified housing staff members who conduct the training, guest speakers from public and private industry who represent the banking, real estate, legal and accounting fields, as well as various City agencies, provide valuable information on resources currently avail-



able. Graduates of the program receive a certification of participation that they can use to access special mortgage products and other opportunities.

Graduates of the Home Buyer Training Program who meet income and other guidelines may be eligible to participate in the City's Down Payment Assistance Programs. Currently the down payment assistance program is inactive due to the high costs of housing exceeding the maximum purchase price allowed in the program guidelines. OHCD staff is exploring ways to redesign the program so that low and moderate income individuals and families can access the funds.

Over the next year, the city will continue to support and expand these programs so that low and moderate-income individuals and families can achieve the goal of homeownership

Strategy: Continue to Support and Increase Homeless Prevention Programs

Description of Strategy and Objectives

In 2000, OHCD created and funded the Prevention and Stabilization Program (PASS) in close collaboration with the Somerville Homeless Coalition (SHC). This rental subsidy program was established to help income eligible (less than or equal to 60% of median), individuals and families at risk of homelessness or homeless, to transition from homelessness to permanent housing during a twelve month period with the possibility of an additional twelve month extension. The goal of the PASS program is to empower the participant(s) to stabilize their housing and achieve self-sufficiency. The Somerville Homeless Coalition administers the program in compliance with the rules and regulations of the funding source (HOME) and OHCD. Each program participant works with the SHC to develop an individual service plan that outlines the steps necessary to achieve independence so at the end of the subsidy period they will be able to support their housing costs without the benefit of the subsidy. Initially capitalized with \$200,000 of OHCD funds and \$30,000 from The Somerville Affordable Hous-

ing Trust Fund the program has met with great success. Currently, the SHC has drawn down all of the initial funds allocated to the program. Due to limited funds, in November of 2002, the Somerville Affordable Housing Trust Fund awarded the SHC an addition \$9,000 toward administrative costs associated with running the program.

Over the next couple of years, OHCD will fund the subsidy portion of the PASS program at \$100,000 per year. At the end of two-year period, the program will be evaluated for effectiveness and continued support.